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C O N F I D E N T I A L SECTION 01 OF 03 MANAMA 000571

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TAGS: [ECON](#) [ELAB](#) [PGOV](#) [PREL](#) [PHUM](#) [BA](#) [HUMRIT](#) [REFORM](#)
SUBJECT: GOB EMPLOYMENT AND WAGE INITIATIVES SHOW MIXED
RESULTS

REF: MANAMA 219

Classified By: Ambassador William T. Monroe for reasons 1.4 (b) and (d)

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Summary

11. (C) Bahrain's National Employment Project (NEP), which government officials have credited with reducing the rate of unemployment from 16 percent to 3.7 percent, will come to a close at the end of June. Of 19,625 registrants in the program, according to GOB statistics, just under 6,000 remain unemployed. Approximately 22 percent withdrew from the program, most of them women, and are no longer counted by the government to be among the unemployed. Bahrain Training Institute (BTI) officials told Poloff June 13 that the NEP had trouble placing women in certain job sectors, primarily due to cultural bias in the workplace. Since 74 percent of NEP registrants were women, this moderated the level of success of the overall program. On June 3 Minister of Labor Dr. Abdulmajeed Al Alawi announced the start of a new program of unemployment benefits to begin November 22. Since the announcement, there has been resistance to the proposed funding mechanism for the program: a mandatory one percent deduction (income tax) from the salaries of most workers in the country, which will then be matched by a government contribution. End summary.

National Employment Project

12. (U) Press reports June 2 carried updated statistics on the government's NEP, which has been touted by government officials as having reduced unemployment in Bahrain from 16 percent to 3.7 percent in the space of 18 months. According to Ministry of Labor Assistant Undersecretary for Training Ahmed Al Banna, the program is scheduled to complete its activities at the end of June, at which time the registration for unemployed workers will be conducted at the Ministry of Labor and at the unemployment centers in each of the country's five governorates. Al Banna stated that the total number of registrants under the program had reached 19,625 and that the program directly resulted in job placements for 7,825, a 40 percent success rate. In addition, several thousand registrants found jobs through their own initiative while participating in the program's activities. The total number of those trained through the NEP was 6,069, and the current count of unemployed is 5,941, according to Al Banna.

13. (U) Per an earlier set of NEP statistics released in February 2007 (reftel), which included 18,580 registrants, 22 percent (4,132 people) had withdrawn from the program. For example, 1,654 (8.9 percent) had withdrawn because they would

only accept day-shift jobs with the government. According to Al Banna, most of these were women. (Note: Although there were some government jobs available through the program, the number was not sufficient to employ all those who insisted on public sector work.) Another 1,363 (7.3 percent) had registered but then did not respond to calls from the program to appear for orientation. Just under two percent (359) left the program to pursue further studies, and 190 (1 percent) rejected all three job opportunities offered to them and were therefore ineligible to continue. All of these individuals, plus those in several other categories, were considered to have left the program voluntarily and are no longer considered by the Ministry to be unemployed. (Comment: This move, as well as the government's decision to count only those who signed up for the NEP as unemployed, account for the steep drop in the official unemployment rate from 16 to 3.7 percent.)

Bias Against and Challenges for Women

14. (C) Nizar Al Qari, the former head of the marketing unit for the NEP and currently with the Bahrain Training Institute (BTI), told Poloff June 13 that although the program had great success placing those seeking jobs in some sectors, there was difficulty in others. For example, male workers who received training in trade skills, such as carpentry, construction, electrical wiring, and aluminum processing, were placed into jobs immediately. The very few women who were interested in these fields had great difficulty being hired. Employers were reluctant to introduce women into work environments that have traditionally been filled by men. Al Qari admitted that these hiring practices were

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discriminatory, but that it took much time to overcome this type of cultural bias. He said there was a higher number of women interested in fields such as accounting and graphic design, which would appear to be mixed gender careers, but even trained women in these fields had a difficult time finding placements. This presented a problem for the NEP program because 74 percent of the participants in the program were women.

15. (C) Al Qari expressed some disappointment with aspects of the program that were not true to the initial design. He said that the crowning feature of the program was supposed to have been an assessment of the aptitudes and abilities of registrants before they were to be counseled on placement in training or directly to work. This part of the project was out-sourced to EFI International, an Australian firm with expertise in the area. Al Qari said that early in the program, Minister of Labor Al Alawi was dissatisfied with the speed at which program participants were being placed, so he decided to circumvent this portion of the placement, against the advice of EFI. The lack of a proper assessment combined with undertrained job counselors undercut the quality of the placements and therefore harmed the long-term job satisfaction of those who were placed in jobs.

16. (C) In a June 13 discussion about the role of the BTI in the NEP, director Hameed Saleh confirmed that BTI provided the bulk of the training for NEP participants, and that the final batch of trainees would finish their programs in August. (Note: BTI graduates 800-1000 regular students, not NEP trainees, each year and boasts an 84 percent job placement rate.) He said that in addition to BTI, some NEP participants received instruction from the Bahrain Institute for Banking and Finance, and others received training as nurses and optical technicians at alternate sites. Saleh echoed the challenges of placing women in many jobs and said that the greatest number of openings for women in the market is in the retail sector, with some openings in banking, finance, and information technology. However one challenge, he said, is that jobs in retail involve interacting with the

public, and families are reluctant to allow women to take retail jobs. Second, many women have lived sheltered lives and lack effective interpersonal skills to deal with the public in the retail environment. And third, many women in the NEP program are not interested in full time employment. To counter the last of these obstacles, the program has tried to encourage employers to consider part-time "job-shares" as an alternative, where two or three women make up a full-time equivalent, but only a few employers have agreed to the experiment.

Unemployment Insurance

17. (U) On June 3, Minister of Labor Al Alawi told the press that a new unemployment insurance program would begin operation November 22. Modeled after aspects of the NEP, and channeling those still unemployed from the NEP, the program will register unemployed workers, then offer them a stipend for up to six months while they receive relevant job skills training. Minimum benefits for those with education up to the level of a high school graduate is BD 120 (\$318) monthly, while university graduates will receive BD 150 (\$398). Workers who are newly unemployed will reportedly receive 60 percent of their former salary up to a maximum of BD 500 (\$1325) per month. After completing training, each trainee will be offered up to two job opportunities. If a trainee refuses both opportunities, he will be considered unwilling to work and no longer eligible for the program and its benefits.

18. (U) The GOB's intent to fund the program through a one percent deduction from worker salaries, which the GOB will then match, has drawn resistance from both public and private sector workers. (Note: There is no income tax in Bahrain.) The press reported June 16 that an independent national committee had formed to oppose the salary deduction. Ministers, parliamentarians, members of the armed forces, and public security personnel reportedly are among those who will be exempt from the deduction. Blogger Mahmood Al Yousif explained in a June 16 Weblog entry that the objection of some clerics is that under Islam people cannot be forced to give up part of their income without their willing consent. Money obtained in this way is considered "tainted," and thus it is forbidden for either the government or unemployed individuals to accept it. Hence, he goes on, rather sarcastically, Al Wifaq MPs are backpedaling from a royal decree establishing the unemployment insurance scheme that they passed unanimously at the beginning of the parliamentary

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session, on the basis that it would help their constituents, now that clerics are weighing in against the program. MPs claim they did not know at the time of the vote how the GOB was planning to raise funds for the program.

MOL Wage Subsidy

19. (U) In an effort to raise the floor of wages in the private sector, the Ministry of Labor's Committee to Improve Wages and Productivity has been seeking the partnership of companies in Bahrain to boost salaries. In the absence of a minimum salary in the private sector, the ministry has set a level of BD 200 (\$530) per month, but only for Bahraini workers. For workers currently earning less than this amount, the ministry pledges to pay up to BD 50 per month for six months. During that interval, the ministry also offers training to these workers to increase their productivity. At the end of the six month period, the company will be responsible to maintain the BD 200 salary and, hopefully, will have a more productive employee. The ministry announced June 8 that an additional 25 companies had signed on to the plan, bringing the total number of companies who have pledged

to participate to 420, thereby raising the salaries of almost 14,000 Bahraini workers. Although it is the ministry's desire to have all private sector companies participate in the program, some companies have expressed skepticism that the program can ensure higher productivity and anticipate that the program will not last long.

Comment

¶10. (C) Although it is clear that the NEP has contributed to greater employment of Bahrainis, the unemployment percentage of 3.7 is positively skewed by the Ministry of Labor's limited definition of who is unemployed, even when taking into account the statistical effect of housewives merely looking for a change of scenery, not a job. One positive effect of the NEP has been the drop in the number of demonstrations by disenchanted unemployed, which resulted in low-level violence in 2005. The program to a great extent took the wind out of the sails of protesters looking for a reason to fight the government.

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